

NOVO BANCO S.A.: EXTERNAL REVIEW

STATEMENT OF AGREED FACTS

Terms not otherwise defined in this statement have the same meanings as in the 2014 ISDA Credit Derivatives Definitions (the “**2014 Definitions**”). Terms defined in this statement are used for convenience only and are without prejudice to the case of either the Yes Position or the No Position, or to their respective submissions on the Reviewable Question.

The following facts and matters are agreed:

1 Novo Banco S.A. (“NB”) and the Bank of Portugal (“BoP”)

- 1.1 NB is a bridge bank especially established to receive assets, liabilities, off-balance sheet items and assets under management from Banco Espírito Santo S.A. (“**BES**”).
- 1.2 The Portuguese Resolution Fund (a public law legal person established to provide financial support with respect to the adoption of resolution measures ordered by BoP) is the sole holder of the entire issued share capital of NB.
- 1.3 NB is subject to BoP's supervision and is obliged to comply with, and is subject to, all legal and regulatory rules applicable to Portuguese banks, including the General Law on Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras or “**RGICSF**”) as amended (the “**Applicable Resolution Law**”).
- 1.4 The BoP is a Governmental Authority.

2 Applicable resolution and restructuring laws, regulations and measures

- 2.1 On 3 August 2014, the Board of Directors of the Bank of Portugal (the “**BoP**”), in its capacity as the Portuguese Resolution Authority, ordered the adoption of a resolution measure (the “**Resolution Measure**”) with respect to BES pursuant to the Applicable Resolution Law.
- 2.2 The Applicable Resolution Law was enacted on 31 December 1992 by Decree-Law

298/92 (Decreto-Lei n.º 298/92, de 31 de Dezembro).

- 2.3 The Applicable Resolution Law was amended (amongst other amendments) on 27 March 2015, by Law number 23-A/2015 (Lei n.º 23-A/2015, de 26 de Março) (the “**Transposing Measure**”).
- 2.4 The Transposing Measure was enacted in order to transpose into Portuguese national law the EU Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms [2014] OJ L173/190 (the “**Directive**”).
- 2.5 Article 145-H (5) of the Applicable Resolution Law (taking that law as in force on 3 August 2014) was amended and renumbered to Article 145-Q (4) by the Transposing Measure.
- 2.6 Article 145-H (5), as renumbered to Article 145-Q (4), of the Applicable Resolution Law regulated the bridge institution tool referred to in Section 3 and Article 40 et seq. of the Directive.
- 2.7 Pursuant to the Resolution Measure, a substantial portion of the assets, liabilities, off-balance sheet items and assets under management of BES (as selected by BoP) was transferred to NB on 3 August 2014.
- 2.8 The Resolution Measure expressly provided that BoP may at any time thereafter transfer or re-transfer assets, liabilities, off-balance sheet items and assets under management between BES (i.e. the “bad bank”) and NB (i.e. the “good bank”) in accordance with the Applicable Resolution Law.

3 The BoP decision of 29 December 2015

- 3.1 On 29 December 2015, the Board of Directors of BoP, in its capacity as the Portuguese Resolution Authority and pursuant to the power expressly provided for in the Resolution Measure, amongst other actions, ordered and announced the re-transfer

(effective immediately) of five senior bonds governed by Portuguese law (the “**Affected Bonds**”) from NB to BES (the “**2015 BoP Decision**”).

- 3.2 As a result of the 2015 BoP Decision, and with effect from its date, BES was substituted as the issuer and obligor of the Affected Bonds, and NB ceased to have any continuing obligations in respect thereof.
- 3.3 The event(s) referred to in paragraph 3.2 above occurred as a result of action taken or an announcement made by the BoP pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation) applicable to NB in a form that was binding, namely the Applicable Resolution Law.
- 3.4 The Affected Bonds were originally issued by BES but were transferred to NB, such that NB was substituted as the issuer and obligor in respect thereof, as part of the original transfer of assets, liabilities, off-balance sheet items and assets under management from BES to NB on 3 August 2014.
- 3.5 The aggregate nominal amount of the Affected Bonds (as specified in BoP's press release of 29 December 2015) is EUR 1,941,000,000. The Affected Bonds are Obligations. The aggregate amount of the Affected Bonds is not less than USD 10,000,000 (or its equivalent in the relevant Obligation Currency, being Euros).
- 3.6 BoP's press release of 29 December 2015 states that as a consequence of the 2015 BoP Decision (as well as the other actions taken and decisions made by the BoP on 29 December 2015) the BoP will now ask the European Central Bank to revoke BES's banking licence which will commence the judicial liquidation proceedings in respect of BES.
- 3.7 The 2015 BoP Decision affected only some of the Senior Obligations of NB, so that, immediately after the 2015 BoP Decision took effect, NB continued to be the obligor in relation to the Senior Obligations that were not affected by the 2015 BoP Decision.